

MFEX Luxembourg S.A.

Société Anonyme

**Annual Accounts, Management report and
Report of the *Réviseur d'entreprises agréé*
For the period as at 31 December 2023**

2, rue du Fort Bourbon
L-1249 Luxembourg
R.C.S. Luxembourg B 233.039
Subscribed capital: EUR 3,625,000

MFEX Luxembourg S.A.

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To the Board of Directors of
MFEX Luxembourg S.A.
2, rue du Fort Bourbon
L-1249 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the Annual Accounts of MFEX Luxembourg S.A, which comprise the balance sheet as at December 31, 2023, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “*Commission de Surveillance du Secteur Financier*” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “*réviseur d’entreprises agréé*” for the Audit of the annual accounts” section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the Management report but does not include the annual accounts and our report of the “*réviseur d’entreprises agréé*” thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "*réviseur d'entreprises agréé*" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "*réviseur d'entreprises agréé*". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de révision agréé*

Martin Flaunet, *Réviseur d'entreprises agréé*
Partner

March 28, 2024

Management Report

Financial year ended 31 December 2023

MFEX Luxembourg

Dear Shareholder,

In accordance with article 68 of the Law of 19 December 2002 as amended on the register of commerce and companies and the accounting and annual accounts of undertakings, we are pleased to present you the Directors report for the financial period ending on 31 December 2023.

1 Business development of the Company

1.1 General

Further to the acquisition of MFEX by Euroclear in 2021, MFEX and Euroclear have decided to migrate all their Trade & Custody (T&C) activities from the MFEX's platform to Euroclear's FundSettle, thereby combining group service offering of FundSettle's T&C and MFEX's distribution services.

During the year 2022, MFEX Luxembourg S.A. (the "**Company**") started the process of migration of its clients portfolio in accordance with the sale and purchase agreement signed with Euroclear Bank.

The Company transferred all of its Trade & Custody (T&C) activity in September 2023.

As a result, MFEX Luxembourg S.A. returned its PSF license and became a non-regulated entity starting December 29, 2023.

1.2 Organization and structure of the Company

MFEX Luxembourg S.A. is a direct subsidiary of MFEX Mutual Fund Exchange AB ("MFEX AB"), a company supervised by the Swedish Financial Supervisory Authority and domiciled in Sweden. MFEX AB is also the parent company of other subsidiaries and branches (collectively "the Group").

In September 2021, MFEX became a part of the Euroclear Group, one of the world's largest providers of domestic and cross-border settlement and related services for bond, equity, ETF and mutual fund transactions, creating a new funds market utility.

2 Financial figures

2.1 Liquidity

Total cash and cash equivalents for the Company on 31 December 2023 amounted to EUR 6,745,147.47 (2022: EUR 7,318,680.83).

Equity

On 31 December 2023, share capital and share premium amounted to EUR 21,125,000.00 (2022: EUR 24,125,000.00) of which EUR 3,625,000.00 (2022: EUR 3,625,000.00) in share capital and EUR 17,500,000.00 (2022: EUR 20,500,000.00) in share premium. The decrease in share premium is driven by the transfer of capital surplus to MFEX AB in line with MFEX group capital management framework.

2.2 Financial review

- 2023 net turnover amounts to EUR 8,967,066.22 (2022: EUR 16,955,276.52) and comprises services rendered in the normal course of activity of the Company and recharges of services to the Group. The decrease is driven mainly by the transfer of the Trade & Custody activities in September 2023.
- Other operating income related mainly to the reversal of severance provisions amounting to EUR 837,175.30 (2022: nil) and to the additional financial gain realised on the sale of the client portfolio to Euroclear Bank amounting to EUR 120,000.00 (2022: nil), partially offset by lower operational gains on traded transactions.
- 2023 total operating expenses (items 5, 6, 7 and 8 of the Profit and Loss Statement at year-end) reach EUR 9,639,672.38 (2022: EUR 16,618,861.04). The decrease is driven mainly by severance provisions accounted for EUR 5,689,344.74 in 2022 resulting from MFEX Luxembourg restructuring plan.
- Other interest receivable and similar income amount to EUR 461,539.11 (2022: EUR 83,216.94) driven by higher market interest rates and active treasury management in the course of the year 2023.
- As of 31 December 2023, the balance sheet amounts to EUR 21,133,872.03 (2022: EUR 26,525,421.34). The decrease is driven mainly by the decrease in Financial assets as a result of the capital surplus transfer to MFEX AB and decrease in the Current assets resulting from the migration of Trade & Custody activities.
- As at 31 December 2023, the return on assets of the Company amounts to 3.86% (as at 31 December 2022: 2.85%).
- The fiscal year as of 31 December 2023 shows a profit of EUR 815,255.95 compared to a profit of EUR 658,886.99 in 2022 which strengthened Company's capital and reserves.

3 Significant events since the balance sheet date

Following the transfer of all T&C activities of the Company end September 2023, MFEX Luxembourg became a non-regulated entity starting December 29, 2023.

On that basis, the Board decided in March 2024 to propose to MFEX Luxembourg shareholders, in line with MFEX Group capital management framework, to reduce the capital of the company to an amount proportionate to remaining administrative support services provided by MFEX Luxembourg to MFEX AB.

Perspective

Since the acquisition of MFEX by Euroclear SA/NV and its parent entities, up to Euroclear Holding SA/NV which the *Commission de Surveillance du Secteur Financier* (hereafter the “CSSF”) agreed in accordance with Articles 18 and 19(4) of the Law of 5 April 1993 on the financial sector, as amended, the integration project of MFEX in Euroclear group is to combine and optimize both assets and strategies for growth.

MFEX by Euroclear aims at preserving a relevant business presence in Luxembourg, working closely with the key stakeholders in the industry to drive international distribution of funds. Its goal is to build and operate the infrastructure enabling the community of fund companies and fund distributors to maximize business opportunities.

4 Research & Development

The Company did not perform any activity in Research & Development in 2023.

5 Own shares acquisition

The Company did not acquire or sell any own shares during the financial year. The Company does not hold own shares.

6 Branches

The Company has no branches.

7 Risk Management

The Risk Management function at the Company ensures that all business units anticipate, identify, assess, measure, monitor, manage and duly report all the risks to which the institution is or may be exposed. It is a central element of the internal governance and organization of the institution dedicated to ensuring that risks are managed.

Among the risks identified for the Company until the license was handed back on December 29th 2023, are financial risks and non-financial risks such as operational risk, which is considered the most relevant for MFEX Luxembourg S.A., due to the numerous and manually intensive operational processes performed. Operational risk refers to the risk of losses due to failed processes, systems, people or external factors. The risk is monitored through risk and control self-assessment, operational risk events data collection and the monitoring of key risk indicators.

Among the financial risks, the Credit risk is limited to risk that arises from banks and trading accounts. MFEX Luxembourg deposits its corporate funds only with institutions with a minimum rating requirement equivalent to a long-term S&P rating of A or short-term minimum rating of A-1. Due to its business model, the Company does not hold any debt, equity or forex instruments. The market risk is therefore limited for the company to the one that could occur following operational incidents.

The Company maintains liquid assets equivalent to at least one third of the fixed overheads requirements, in line with the regulation.

The Board of Directors of MFEX Luxembourg S.A.,

René Pierre Azria
Chairman

Geert Desmet
Director

Oliver Lagerström
Director

Manuel Feto
Director

MFEX Luxembourg S.A.

Balance Sheet as at 31 December 2023

ASSETS	NOTES	31.12.2023 EUR	31.12.2022 EUR
C. FIXED ASSETS		7,301,308.61	10,420,713.90
II. Tangible assets	3	80,726.18	230,390.46
3. Other fixtures and fittings, tools and equipment		80,726.18	230,390.46
III. Financial assets	4	7,220,582.43	10,190,323.44
5. Investments held as fixed assets		6,898,996.88	9,868,737.89
6. Other loans		321,585.55	321,585.55
D. CURRENT ASSETS		13,808,159.73	16,087,543.17
II. Debtors	5	7,063,012.26	8,768,862.34
1. Trade debtors		1,000.00	669,411.32
a) becoming due and payable within one year		1,000.00	669,411.32
2. Amounts owed by affiliated undertakings		7,057,721.64	8,042,571.66
a) becoming due and payable within one year		7,057,721.64	8,042,571.66
4. Other debtors		4,290.62	56,879.36
a) becoming due and payable within one year		4,290.62	56,879.36
IV. Cash at bank and in hand		6,745,147.47	7,318,680.83
E. PREPAYMENTS	6	24,403.69	17,164.27
TOTAL (ASSETS)		<u>21,133,872.03</u>	<u>26,525,421.34</u>

MFEX Luxembourg S.A.

Balance Sheet as at 31 December 2023 (continued)

CAPITAL, RESERVES AND LIABILITIES	NOTES	31.12.2023 EUR	31.12.2022 EUR
A. CAPITAL AND RESERVES		16,044,045.88	18,228,789.93
I. Subscribed capital	7	3,625,000.00	3,625,000.00
II. Share premium account	8	17,500,000.00	20,500,000.00
III. Revaluation reserve		-	-
IV. Reserves	9-10	12,500.00	12,500.00
V. Profit or loss brought forward	10	(5,908,710.07)	(6,567,597.06)
VI. Profit or loss for the financial year	10	815,255.95	658,886.99
B. PROVISIONS	11	3,992,171.18	5,796,743.74
3. Other provisions		3,992,171.18	5,796,743.74
C. CREDITORS	12	1,097,654.97	2,499,887.67
2. Amounts owed to credit institutions		-	131.43
a) becoming due and payable within one year			131.43
4. Trade creditors		272,019.51	329,030.05
a) becoming due and payable within one year		272,019.51	329,030.05
b) becoming due and payable after more than one year		-	-
6. Amounts owed to affiliated undertakings		-	1,358,759.59
a) becoming due and payable within one year			1,358,759.59
8. Other creditors		825,635.46	811,966.60
a) Tax authorities		79,123.85	94,978.59
b) Social security authorities		372,331.10	180,902.98
c) Other creditors		374,180.51	536,085.03
i) becoming due and payable within one year		374,180.51	317,608.06
ii) becoming due and payable after more than one year		-	218,476.97
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		<u>21,133,872.03</u>	<u>26,525,421.34</u>

MFEX Luxembourg S.A.

Profit and Loss account for the year ended 31 December 2023

	NOTES	31.12.2023 EUR	31.12.2022 EUR
1. Net turnover	13	8,967,066.22	16,955,276.52
4. Other operating income	14	1,083,550.83	463,428.97
5. Raw materials, consumables and Other external expenses	18	(3,240,587.90)	(3,294,193.32)
b) Other external expenses		(3,240,587.90)	(3,294,193.32)
6. Staff costs	16	(5,748,947.40)	(6,708,443.67)
a) Wages and salaries		(4,965,364.76)	(5,703,052.20)
b) Social security costs		(609,845.70)	(757,364.18)
i) relating to pensions		(385,351.99)	(427,465.07)
ii) other social security costs		(224,493.71)	(329,899.11)
c) Other staff costs		(173,736.94)	(248,027.29)
7. Value adjustments		(91,108.23)	(76,944.19)
a) in respect of formation expenses and of tangible and intangible fixed assets	3	(91,108.23)	(76,944.19)
8. Other operating expenses	17	(559,028.85)	(6,539,279.86)
11. Other interest receivable and similar income		461,539.11	83,216.94
a) derived from affiliated undertakings		269,965.97	44,786.81
b) other interest and similar income		191,573.14	38,430.13
13. Value adjustments in respect of financial assets and of investments held as current assets		30,617.17	(30,617.17)
14. Interest payable and similar expenses		-	(35,075.49)
b) other interest and similar expenses		-	(35,075.49)
15. Tax on profit or loss	19	-	(51,324.00)
16. Profit or loss after taxation		903,100.95	766,044.73
17. Other taxes not shown under items 1 to 16		(87,845.00)	(107,157.74)
18. Profit or loss for the financial year		815,255.95	658,886.99

Notes to the Annual Accounts

1. General information

MFEX Luxembourg S.A. (hereafter the "Company") was incorporated on 18 March 2019 and is organized under the laws of Luxembourg as a Société Anonyme for an unlimited period.

The Company is registered with the Trade and Companies register of Luxembourg (RCS) with the number B233039 and has its registered office at 2 rue du Fort Bourbon, L-1249 Luxembourg.

The Company's financial year starts on 1 January and ends on 31 December of each year.

The Company is a wholly owned subsidiary and included in the consolidated accounts of MFEX Mutual Funds Exchange AB (the "Group") forming the largest body of undertakings of which the Company forms a part as a direct subsidiary undertaking. The registered office of the parent company is located at Klarabergsviadukten 63, 111 64 Stockholm, Sweden.

In September 2021, the Group was acquired by Euroclear group.

In accordance with its articles of incorporation, the object of the Company is primarily to carry out the following activities:

- Commission agent (according to the article 24-2 of the Law on the Financial Sector of 5 April 1993 as amended, hereafter the "LFS");
- Distributor of unit/shares in UCIs (according to the article 24-7 of the LFS);
- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining securities account at the top tier level;
- Foreign exchange services where these are connected to the provision of investment services.

The main activity of the Company is the administration of financial instruments on behalf of clients including sub-custodian and related services such as cash/collateral management and foreign exchange services where these services are linked to the provision of investment services within the meaning of Annex II section C of the LFS, section 3.2.

MFEX Luxembourg S.A. transferred all of its Trade & Custody (T&C) activity in September 2023. As a result, MFEX Luxembourg S.A. returned its PSF license and became a non-regulated entity starting December 29, 2023.

2. Summary of accounting policies

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention on a going concern basis.

Accounting policies and valuation rules are, beside the ones laid down by the law of 19 December 2002 as amended (the "Law"), determined by the Board of Directors. The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise their judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

Notes to the Annual Accounts (continued)

Where appropriate, the Board of Directors makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2 Significant accounting policies

The main valuation rules of the Company are the following:

2.2.1 Formation expenses

The formation expenses of the Company are directly charged to the profit and loss account of the period in which they are incurred.

2.2.2 Intangible fixed assets

Intangible fixed assets are carried at purchase price including the expenses incidental thereto, less accumulated amortisation. Amortisation is recognised on a straight-line basis over the estimated useful life of the assets. When the Management considers that an asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are discontinued if the reasons for which the value adjustments were made have ceased to apply.

Goodwill acquired for consideration is amortised on a straight-line basis over a period of 10 years.

2.2.3 Tangible fixed assets

Tangible fixed assets are valued at purchase price including the expenses incidental thereto. They are amortised over their estimated useful economic lives. When the Management considers that a tangible fixed asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The depreciation rates and methods applied are as follows:

		Depreciation method
Furniture	5 years	Straight-Line
Computer equipment and hardware	5 years	Straight-Line
Other fixtures and fittings	6 years	Straight-Line

The depreciation rates for the Other fixtures and fittings was changed from 5 to 6 years in 2023 as a result of the integration of the accounting policies and procedures of the Company in Euroclear system.

2.2.4 Financial assets

Shares in affiliated undertakings, participating interests, loans to these undertakings and other securities held as financial assets are valued at acquisition cost. Value adjustments are recorded if, in the opinion of the Board of Directors, there has been a durable decline in value. Value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

2.2.5 Debtors

Debtors are stated at their nominal value. A value adjustment is recorded when the estimated realisable value is lower than the nominal value. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Notes to the Annual Accounts (continued)

2.2.6 Foreign currency translation

The Company maintains its accounting records in EUR. All transactions expressed in currencies other than EUR are converted into EUR at the exchange rate prevailing at the date of the transaction.

Formation expenses, intangible assets, tangible assets and financial assets expressed in currencies other than the reporting currency are translated into the reporting currency at the exchange rate prevailing on the transaction date. At the balance sheet date, these assets remain translated at the historic exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities expressed in currencies other than the reporting currency are translated into the reporting currency at the exchange rate prevailing on the transaction date and are valued at the lower of their value translated at the historic exchange rates and their value translated at the exchange rates prevailing on the balance sheet date.

Forward exchange contracts used to hedge components of the current assets are recorded at the acquisition cost and translated at the exchange rates effective at the balance sheet date. Then unrealized exchange losses are recognized in the profit and loss account. The Company has not used forward exchange contracts during the financial year.

Income and charges denominated in foreign currencies are recorded at the rates prevailing on the transaction date.

2.2.7 Prepayments

This asset item includes expenditure paid during the financial year but that relates to a subsequent financial year.

2.2.8 Provisions

Provisions for liabilities and charges are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet are either likely or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created to cover charges that have originated in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

The variation of these provisions is recognized in the profit and loss account.

2.2.9 Debts

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference may be shown as an asset deferred expense. It must be shown separately in the notes to the annual accounts.

2.2.10 Deferred income

This liability item includes income recognized during the financial year but relating to a subsequent financial year.

2.2.11 Net turnover

The net turnover comprises the amounts derived from the provision of services falling within the Company's ordinary activities, after deductions of sales rebates and value added tax and other taxes directly linked to the turnover.

2.2.12 Going concern

Further to the acquisition of MFEX by Euroclear in 2021, MFEX and Euroclear have decided to migrate all their Trade & Custody activities from the MFEX's platform to Euroclear's FundSettle, thereby combining group service offering of FundSettle's T&C and MFEX's distribution services.

Notes to the Annual Accounts (continued)

Following the transfer of all T&C activities of the Company end September 2023, MFEX Luxembourg S.A. returned its PSF license and became a non-regulated entity starting December 29, 2023.

The Company is going to continue to provide the administrative support services to MFEX AB.

3. Tangible assets

The movements for the year are as follows:

	Furniture	Computer equipment	Other fixtures and fittings	Total
	EUR	EUR	EUR	EUR
Gross book value - Opening balance	135,263.14	184,751.12	103,990.60	424,004.86
Additions for the year				
Disposals for the year	(90,948.69)	(117,753.78)	(49,364.43)	(258,066.90)
Transfers for the year				
Gross book value - closing balance	44,314.45	66,997.34	54,626.17	165,937.96
Acc. value adjustments - opening balance	(71,507.84)	(84,793.27)	(37,313.29)	(193,614.40)
Allocations for the year	(25,874.05)	(34,737.33)	(30,496.85)	(91,108.23)
Reversals for the year	77,223.49	82,763.03	39,524.33	199,510.85
Transfers for the year				
Acc. value adjustments - closing balance	(20,158.40)	(36,767.57)	(28,285.81)	(85,211.78)
Net book value - closing balance	24,156.05	30,229.77	26,340.36	80,726.18
Net book value - opening balance	63,755.30	99,957.85	66,677.31	230,390.46

Notes to the Annual Accounts (continued)

4. Financial assets

The movements of the year are as follows:

	Deposits and guarantees paid EUR	Investments held as fixed assets EUR	Total EUR
Gross book value - opening balance	321,585.55	9,899,355.06	10,220,940.61
Additions for the year	-	-	-
Disposals for the year	-	(3,000,358.18)	(3,000,358.18)
Transfers for the year	-	-	-
Gross book value - closing balance	321,585.55	6,898,996.88	7,220,582.43
Accumulated value adjustments - opening balance	-	(30,617.17)	(30,617.17)
Allocations for the year	-	-	-
Reversals for the year	-	30,617.17	30,617.17
Transfers for the years	-	-	-
Accumulated value adjustments - closing balance	-	-	-
Net book value - closing balance	321,585.55	6,898,996.88	7,220,582.43
Net book value - opening balance	321,585.55	9,868,737.89	10,190,323.44

5. Debtors

Debtors are composed as follows:

	2023 EUR	2022 EUR
Trade debtors		
Invoiced to third parties	1,000.00	284,930.21
Accrued unbilled fees	-	373,464.80
Suppliers with a debit balance	-	11,016.31
	1,000.00	669,411.32
Amounts owed by affiliated undertakings		
Loans and advances	5,500,000.00	5,500,000.00
Accrual unbilled fees	1,494,464.00	2,497,784.85
Accrued interest	63,257.64	44,786.81
	7,057,721.64	8,042,571.66
Other debtors		
Accrued interest	-	11,100.00
Social Security	4,290.62	45,779.36
	4,290.62	56,879.36
Total debtors	7,063,012.26	8,768,862.34

On 10 October 2023, the Company renewed a one-year intra-group loan of EUR 5,500,000.00 granted to MFEX AB, maturing on 27 October 2024.

As at 31 December 2023, all amounts are due within one year.

Notes to the Annual Accounts (continued)

The Company has entered into agreement with Group entity for the provision of support services. These are in accordance with the Group's intercompany transaction policy.

6. Prepayments

Prepayments are mainly composed of Lunch vouchers and insurance paid in advance for subsequent periods.

7. Subscribed capital

The subscribed capital of the Company amounts to EUR 3,625,000.00 and is divided into 3,625,000.00 shares with a nominal value of EUR 1 each, fully paid-up.

The movements on the Subscribed capital item during the year as are follows:

	2023 EUR	2022 EUR
Subscribed capital - opening balance	3,625,000.00	3,625,000.00
Increase of the year	-	-
Decrease of the year	-	-
Subscribed capital - closing balance	3,625,000.00	3,625,000.00

8. Share premium

The movement on the share premium during the year is as follows:

	Share premium EUR
Share premium - opening balance	20,500,000.00
Movement for the year	(3,000,000.00)
Share premium - closing balance	17,500,000.00

The movement for the year on the "Share premium" item corresponds to the transfer of capital surplus to MFEX AB that is in line with capital management framework.

9. Legal reserve

In accordance with the Luxembourg Commercial Companies Law, 5% of annual profits must be allocated to this reserve until its total amount reaches 10% of the subscribed capital. This reserve may not be distributed.

Notes to the Annual Accounts (continued)

10. Movements for the year on the reserves and profit and loss items

The movements of the year are as follows:

	Legal reserve EUR	Profit or loss brought forward EUR	Profit or loss for the financial year EUR
As at 31.12.2022	12,500.00	(6,567,597.06)	658,886.99
Movements for the year			
❖ Allocation of the previous year's profit or loss	-	658,886.99	(658,886.99)
❖ Dividend	-	-	-
❖ Profit or loss for the year	-	-	815,255.95
As at 31.12.2023	12,500.00	(5,908,710.07)	815,255.95

11. Provisions

Provisions consist of severance costs provision amounting to EUR 3,890,792.40 as at 31 December 2023 (2022: EUR 5,689,344.74) as a result of the social dialogue due to the migration of Trade & Custody (T&C) activities from the MFEX's platform to Euroclear's FundSettle. The remaining part of balance represents the provision for dilapidation costs amounting to EUR 101,378.78 as at 31 December 2023 (2022: EUR 107,400.00).

12. Creditors

Amounts due and payable for the accounts shown under « Creditors » are as follows:

	Within one year EUR	After one year and within five years EUR	After more than five years EUR	Total 2023 EUR	Total 2022 EUR
Amounts owed to credit institutions	-	-	-	-	131.43
Trade creditors	272,019.51	-	-	272,019.51	329,030.05
Amounts owed to affiliated undertakings	-	-	-	-	1,358,759.59
Tax authorities	79,123.85	-	-	79,123.85	94,978.59
Social security authorities	372,331.10	-	-	372,331.10	180,902.98
Other creditors	374,180.51	-	-	374,180.51	536,085.03
Total	1,097,654.97	-	-	1,097,654.97	2,499,887.67

	Within one year EUR	After one year and within five years EUR	After more than five years EUR	Total 2022 EUR
Amounts owed to credit institutions	131.43	-	-	131.43
Trade creditors	329,030.05	-	-	329,030.05
Amounts owed to affiliated undertakings	1,358,759.59	-	-	1,358,759.59
Tax authorities	94,978.59	-	-	94,978.59
Social security authorities	180,902.98	-	-	180,902.98
Other creditors	317,608.06	218,476.97	-	536,085.03
Total	2,281,410.70	218,476.97	-	2,499,887.67

Notes to the Annual Accounts (continued)

13. Net turnover

As at 31 December 2023, the net turnover of the Company is derived exclusively from its business activities as follows:

	2023	2022
	EUR	EUR
Custody fees	1,878,203.45	3,528,469.65
Transaction fees	671,740.00	1,085,075.00
Trading and other support services to the Group	6,417,122.77	12,341,731.87
Total	8,967,066.22	16,955,276.52

The Company migrated all their Trade & Custody activities from the MFEX's platform to Euroclear's FundSettle on 30 September 2023.

14. Other operating income

Other operating income consist mainly of the adjustment of the severance provision amounting to EUR 837,175.30 (2022: nil), additional income linked to the sale of the trading and custody client portfolio to Euroclear Bank amounting to EUR 120,000.00 (2022: nil), rental income amounting to EUR 59,280.00 (2022: EUR 16,945.02) and operational gains on traded transactions amounting to EUR 43,620.53 (2022: EUR 443,489.66).

15. Réviseur d'entreprises agréé fees

The amounts invoiced or accrued for services provided by the *Réviseur d'entreprises agréé* during the year may be broken down as follows (excluding VAT):

	2023	2022
	EUR	EUR
Statutory audit of the annual accounts	105,503.00	102,410.00
Other assurance services	-	-
Total	105,503.00	102,410.00

16. Staff

The Company employed an average of 59 people during the financial year as follows (2022: 76):

	2023	2022
Managing directors	2	2
Employees Full time	56	68
Employees Part Time	1	6
	59	76

Notes to the Annual Accounts (continued)

17. Other operating expenses

Other operating expenses consist of:

	2023	2022
	EUR	EUR
Severance costs provision	-	5,689,343.74
Non recoverable VAT	370,154.91	375,201.62
Operational loss on trading transactions	43,228.88	441,885.17
Director's fees	20,000.00	20,000.00
Membership fees	50,130.00	-
Tangible assets write-off	58,556.05	-
Other	16,959.01	12,849.33
Total	559,028.85	6,539,279.86

Operational loss on transactions derives from Clients traded transactions using the Group cash system tool. This loss was settled by the Group and are payable and due by the Company to the Group. The movement in the Severance cost provision is reflected in the note 14. Other operating income.

18. Other external expenses

The other external expenses are composed of:

	2023	2022
	EUR	EUR
Remuneration of intermediaries and professional	2,252,364.73	2,356,526.36
Rents and service charges	680,659.61	658,088.64
Marketing and communication costs	128,683.66	87,392.46
Staff Trainings	70,539.86	33,660.00
External staff of the company	-	7,697.96
Other	108,340.04	150,827.90
Total	3,240,587.90	3,294,193.32

Out of the total amount of Remuneration of intermediaries and professional, related party balance amounts to EUR 1,191,232.09 as at 31 December 2023 (2022: EUR 1,506,871.04).

19. Tax on profit or loss

The Company is subject to all taxes relevant to commercial companies in the Grand Duchy of Luxembourg.

20. Remunerations, advances and loans granted to the members of Directors

The remuneration of the Directors amounted to EUR 20,000.00 as at 31 December 2023 (2022: EUR 20,000.00). No advances and no loans have been granted to the Directors during the financial year 2023 (2022: nil).

Notes to the Annual Accounts (continued)

21. Related party transactions

Transaction with related parties are disclosed in the relevant notes to the annual accounts. During the financial period, there have been no related party transactions outside of the normal course of business.

22. Off-balance sheet commitments and contingent liabilities

As at 31 December 2023, the Company had off-balance sheet commitments amounting EUR 1,007,970.48 as at 31 December 2023 (2022: EUR 1,311,563.84) and no contingent liabilities (2022: nil).

23. Return on assets

As at 31 December 2023, the return on assets amounted 3.86% (as at 31 December 2022: 2.85%).

24. Post balance sheet events

Following the transfer of all T&C activities of the Company end September 2023, MFEX Luxembourg became a non-regulated entity starting December 29, 2023.

On that basis, the Board decided in March 2024 to propose to MFEX Luxembourg shareholders, in line with MFEX Group capital management framework, to reduce the capital of the company to an amount proportionate to remaining administrative support services provided by MFEX Luxembourg to MFEX AB.

Besides the above, there are no other matters or circumstances of importance that have arisen since the end of the financial period which have significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the affairs of the Company.